



State of Utah
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

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June 24, 1994

Mr. William J. Almas
Manager of Environmental Affairs
Energy Fuels Nuclear, Incorporated
One Tabor Center Suite 2500
1200 Seventeenth Street
Denver, Colorado 80202

Dear Mr. Almas:

Re: Surety Estimate Updates, Umetco Minerals Company, Hecla Shaft, Redd Block IV, Pandora Mine, M/037/043, M/037/046, M/037/012, San Juan County, Utah

As requested by you in our meeting on June 21, 1994, please find enclosed the surety estimate updates for the Hecla Shaft, Redd Block IV and Pandora Mine projects. The new estimates project the surety amount five years into the future, i.e. in terms of 1999 dollars. The original reclamation estimates were escalated to 1994 dollars using the actual inflation rates. These 1994 base amounts were then projected into 1999 dollars using an average inflation rate of the past three years.

If you have any question please feel free to call me, Wayne Hedberg or Tony Gallegos of the Minerals staff.

Sincerely,

Travis W. Jones
Reclamation Hydrologist

jb
Enclosures
Enfsurty.upd



SURETY ESTIMATE UPDATE

Umetco Minerals Company

Hecla Shaft

M/037/043

Prepared by Utah Division of Oil, Gas & Mining

Last Update June 23, 1994

DESCRIPTION:

- Original Reclamation Estimate calculated in 1983-\$
- Original Reclamation Estimate = \$117,800
- Escalation factors through 1993 are actual Means Historical Cost Indices
- Escalation factors for years 1994 and beyond are predicted
- Total disturbed area = 35.0 Acres

CALCULATIONS	YR	ESCAL FACTOR	BOND AMOUNT
	1983	1.04%	\$117,800
$F = P(1 + i)^{**n}$	1984	0.92%	\$118,884
F = Future Sum	1985	2.90%	\$122,331
P = Present Sum	1986	2.10%	\$124,900
i = Escalation Factor	1987	1.95%	\$127,336
n = number of periods	1988	1.81%	\$129,641
	1989	1.77%	\$131,935
	1990	0.77%	\$132,951
	1991	1.27%	\$134,640
	1992	2.21%	\$137,615
Three Yr Average = 2.01%	1993	2.54%	\$141,111
Used to Project 5 Yrs	1994	2.01%	\$143,947
Into the Future	1995	2.01%	\$146,840
From the Year 1994	1996	2.01%	\$149,792
	1997	2.01%	\$152,803
	1998	2.01%	\$155,874
	1999	2.01%	\$159,007

Updated Surety Amount Rounded (1999 \$) \$159,000

Average Cost/Acre = \$4,543